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FM AMEMBASSY LA PAZ
TO RUEHC/SECSTATE WASHDC 9691
INFO RUEHAC/AMEMBASSY ASUNCION 5939
RUEHBO/AMEMBASSY BOGOTA 3256
RUEHBR/AMEMBASSY BRASILIA 7103
RUEHBU/AMEMBASSY BUENOS AIRES 4356
RUEHCV/AMEMBASSY CARACAS 1647
RUEHPE/AMEMBASSY LIMA 1641
RUEHME/AMEMBASSY MEXICO 1730
RUEHMN/AMEMBASSY MONTEVIDEO 3862
RUEHQT/AMEMBASSY QUITO 4281
RUEHSG/AMEMBASSY SANTIAGO 8829
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RUEATRS/DEPT OF TREASURY WASHINGTON DC
RUEHC/DEPT OF AGRICULTURE WASHINGTON DC
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UNCLAS LA PAZ 001672

SIPDIS

SENSITIVE
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STATE FOR WHA/AND LPETRONI
COMMERCE FOR JANGLIN
TREASURY FOR SGOOCH

E.O. 12958: N/A
TAGS: [ETRD](#) [EINV](#) [EAGR](#) [ECON](#) [SENV](#) [BL](#)
SUBJECT: FORESTRY SECTOR FEARFUL OF GOB INTERVENTION

REF: A. LA PAZ 1660

[B](#). 05 LA PAZ 3506
[C](#). LA PAZ 1651

[1](#)1. (U) Summary: The Bolivian Forestry Chamber has repeatedly voiced opposition to the GOB's plans to nationalize forestry resources, arguing that government interference will undermine a healthy and productive sector. The GOB's national development plan, released June 16 (ref A), does not propose nationalization, but rather increased government intervention in industrialization and exploitation. As in the hydrocarbons and mining sectors, the prospect of state interference has deepened uncertainty and threatens future investments. End summary.

[1](#)2. (U) The Bolivian Forestry Chamber has repeatedly voiced opposition to the GOB's plans to nationalize forestry resources, arguing that government interference will undermine a healthy and productive sector. Industry representatives assert that forestry resources, when responsibly managed, generate employment and boost overall economic development. They point out that the sector employs approximately 50,000 people and note that 80 percent of its exports are value-added products, including furniture, doors, and flooring. They also note that Bolivia leads the world in certified natural tropical forests (ref B) and has greatly expanded exports of certified wood products. Government interference of any sort, they say, could threaten production and related jobs.

[1](#)3. (U) The GOB's national development plan, released June 16 (ref A), does not propose nationalization, but instead increased government intervention in industrialization and exploitation. The plan urges greater production of value-added goods (as opposed to unfinished raw wood), encourages adherence to sustainable management practices, and calls for increased emphasis on the rights and contributions of peasants and indigenous communities. The strategy also proposes reforming the sector's legal framework to modify

concessionaires' rights and ensure farmers and local communities participate fully in production. It does not, however, explain exactly how existing laws and regulations might be altered.

14. (SBU) Comment: As in the hydrocarbons and mining sectors, threats of government intervention have deepened uncertainty and undermine prospects for investment. Forestry Chamber representatives say exporters (and clients in 50 different countries) are increasingly concerned and may consider delaying large projects, particularly if the GOB follows through on plans to redistribute large landholdings (ref C) and eliminate the regulatory body overseeing the sector (ref A). If the GOB does expand its role in the industry, producers - and their employees - may suffer. End comment.
GREENLEE